

Message Text

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ORIGIN AGR-20

INFO OCT-01 EUR-25 ISO-00 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01 SWF-02

/180 R

66610

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USDA/ITP:OFRASER

EUR/PE:JAUBERT

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R 062224Z SEP 74

FM SECSTATE WASHDC

TO USMISSION OECD PARIS

UNCLAS STATE 196284

E.O. 11652: N/A

SUBJ: DISCUSSIONS FOR OECD JOINT WORKING PARTY

1. THE OECD PAPER ON STOCKS PREPARED FOR THE 53RD SESSION OF THE JOINT WORKING PARTY TO BE HELD SEPTEMBER 9-10 RAISES A NUMBER OF POINTS AND QUESTIONS CONCERNING WORLD GRAIN STOCKS. WE ARE CURRENTLY PREPARING ADMINISTRATION POSITION PAPERS ON FOOD RESERVES IN PREPARATION FOR THE WORLD FOOD CONFERENCE. THESE PAPERS ARE NOT COMPLETE BUT FOR YOUR GUIDANCE YOU CAN DRAW ON THE FOLLOWING POINTS IN DISCUSSING THE OECD PAPER AT THE UPCOMING SESSION.

2. SOME TYPE OF INTERNATIONAL SYSTEM OF GRAIN RESERVES IS DESIRABLE -- ONE WHERE ALL COUNTRIES SHARE THE BURDEN OF HOLDING STOCKS. WHETHER STOCKS ARE HELD BY GOVERNMENTS OR PRIVATELY WILL BE UP TO EACH INDIVIDUAL COUNTRY. THE U.S. DOES NOT
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WANT TO GET INTO POSITION OF HOLDING THE BULK OF THE WORLD'S

GRAIN RESERVES AGAIN.

3. THE EXCHANGE OF INFORMATION ON STOCKS, STOCK POLICIES, PRODUCTION AND CONSUMPTION WILL BE AN IMPORTANT PART OF A GRAIN RESERVE SYSTEM. THIS INFORMATION IS NEEDED IN ORDER TO ALLOW COUNTRIES TO MANAGE THEIR STOCKS.

4. A RESERVE SYSTEM WHICH DEPRESSES FARM PRICES IS UNDESIRABLE. FLUCTUATIONS IN FOOD PRODUCTION ARE INEVITABLE AND PRICE CHANGES ARE NECESSARY IN ORDER TO SIGNAL THE PROPER PRODUCTION OR CONSUMPTION RESPONSES. IN RESPONSE TO THE PRICE STABILIZATION ASPECTS OF THE OECD PAPER, THE US. IS AGAINST DEVELOPING A FOOD RESERVES SYSTEM WHICH WOULD ENCOURAGE COMMODITY TYPE AGREEMENTS.

5. A DISTINCTION MUST BE MADE BETWEEN COMMERCIAL STOCKS AND STOCKS FOR EMERGENCY FOOD AID. THESE LATTER STOCKS WILL CALL FOR COMMITMENTS FROM THE DEVELOPED COUNTRIES TO MEET SHORT TERM FOOD PROBLEMS IN THE VARIOUS LDC'S SUCH AS THE CURRENT AFRICAN SAHEL PROBLEM. LONG TERM FOOD DEFICITS IN THE LDC'S WILL HAVE TO BE MET BY INCREASED PRODUCTION IN THESE COUNTRIES.

6. IN REGARDS TO THE COMMITTEE' FIFTH DRAFT REPORT ON INTERVENTION MEASURES IN RELATION TO WHEAT THERE ARE SEVERAL ERRORS AND CORRECTIONS NEEDED.

(A) ON PAGE 11, PARAGRAPH 17, THE PHRASE "IN THE CASE OF THE UNITED STATES SOME TEMPORARY LICENSING ARRANGEMENTS WERE INTRODUCED" SHOULD BE DELETED. NO EXPORT CONTROLS OR RESTRICTIONS WERE APPLIED TO WHEAT BY THE U.S. THE SAME REFERENCE TO CONTROL BY THE US. IN TABLE 4 SHOULD ALSO BE DELETED.

(B) ON PAGE 55, SECTION 2, TRADE, THE FIRST SENTENCE SHOULD READ "THE TRADE SECTOR IS VIRTUALLY CONFINED TO EXPORTS; IMPORTS OF WHEAT ARE NEGLIGIBLE."

(C) ON PAGE 55, SENTENCE 3, CONTROLS ON IMPORTS, THE FIRST SENTENCE SHOULD READ "EARLIER THIS YEAR, THE U.S. SUSPENDED ITS QUOTA SYSTEM FOR WHEAT FOR HUMAN CONSUMPTION."

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(I) ON PAGE 56, SECTION 4, EXPORT ARRANGEMENT, DELETE SECOND SENTENCE AND REPLACE WITH "MOST EXPORT SALES ARE MADE ON A COMMERCIAL BASIS. THERE ARE PROVISIONS HOWEVER FOR EASY CREDIT SALES, BARTER AND CONCESSIONAL PROGRAMS."

(E) ON PAGE 56, UNDER EXPORT PAYMENTS, THE FIRST SENTENCE SHOULD BE CHANGED TO READ "UNTIL 22ND SEPTEMBER 1972EXPORT PAYMENTS WERE MADE ON WHEAT." IN THIS SAME SECTION THE VALUES SHOULD

READ DOLS 300 MILLION NOT DOLS 304 AND DOLS 65 MILLION NOT
DOLS 81.

(F) UNDER THE BARTER PROGRAM SECTION IT SHOULD BE ADDED THAT
THIS PROGRAM WAS DISCONTINUED ON JULY 1, 1974.

(G) ON PAGE 58 UNDER SET-ASIDE PROGRAM, PARAGRAPH 1, THE FIRST
SENTENCE SHOULD BE MOVED TO THE MIDDLE OF PARAGRAPH 2 FOLLOWING
THE SECOND SENTENCE, AND SHOULD READ "PRODUCERS ALSO HAD OPTION
OF A VOLUNTARY SET-ASIDE PROGRAM." THE LATTER PART OF THIS
SENTENCE "THE ACREAGE NECESSARY TO COVER DOMESTIC FOOD RE-
QUIREMENTS WAS CALCULATED AND ALLOTTED" SHOULD GO AT THE END
OF PARAGRAPH 1. IN PARAGRAPH 2, NEW SENTENCE 4, THE WORD
"ADDITIONAL" SHOULD READ "VOLUNTARY."

(H) ON PAGE 59, PARAGRAPH 1, LINE 3, IT SHOULD READ 5
MILLION, NOT 2. ON SAME PAGE, PARAGRAPH 2, THE LAST
SENTENCE SHOULD READ "... THE 20.1 MILLION ACRES (8.1
MILLION HECTARS). . . ."

7. IF THE SUBJECT OF RECENT MEAT IMPORT ACTIONS IS RAISED,
U.S. DEL SHOULD TAKE SAME POSITION THAT WE HAVE IN OTHER FORUMS
-- ALLOWING AUSTRALIA AND NEW ZEALAND TO TAKE THE LEAD IN
COMPLAINTS ABOUT RESTRICTIVE MEASURES OF EC AND OTHER NATIONS.
U.S. DEL MAY DRAW UPON STATE 156173 FOR FURTHER GUIDANCE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, STOCKPILES, GRAINS, STOCKPILE DISPOSAL
Control Number: n/a
Copy: SINGLE
Draft Date: 06 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE196284
Document Source: CORE
Document Unique ID: 00
Drafter: FAS/TTP:TNDJFHOPKINS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740248-1019
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740967/aaaacepc.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AGR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2002 by maustmc>; APPROVED <03 FEB 2003 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DISCUSSIONS FOR OECD JOINT WORKING PARTY 1, THE OECD PAPER ON STOCKS PREPARED FOR THE 53RD SESSION OF
TAGS: EAGR, XX, OECD
To: OECD PARIS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005